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MARK SCHOESLER

Representative
STEVE HAILEY

Representative
JOE SCHMICK

• 9th District • 2008 Session Review

Serving Adams, Asotin, Garfield and Whitman counties, and north Franklin and south Spokane counties

April 2008

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Dear Friends,

The Legislature wrapped up its business on March 13 – a 60-day session that produced only modest accomplishments. Unfortunately, the 2008 session may be remembered primarily for the supplemental budget that was approved – a budget that takes a path of undisciplined spending.

Despite warnings from non-partisan Senate Ways and Means Committee staff, the majority party ignored economic realities and insisted on passing a supplemental budget that hikes spending by \$291 million. The staff warns that the state could face a \$2.4 billion shortfall next year, and the new spending makes the looming budget crisis even worse.

There seems to be little doubt that the stage is set for cuts in essential services, a big tax hike, or both when the Legislature meets in 2009.

On a more positive note, agricultural communities will benefit from this session's appropriation for the Palouse River & Coulee City Railroad. We also were successful in getting funding included in this year's supplemental capital budget for some important in-district construction projects.

Rep. Hailey, our friend and valued colleague, spent much of the session back in the district undergoing treatment for colon cancer. Steve started a chemotherapy regimen the week of Jan. 21, but continued to work with us on several issues by phone and e-mail. We're pleased to report that the treatments are going well. You'll find an update about Steve on Page 2 of this newsletter.

Even though the session is over, our work as your legislators continues year-round. If you have questions or other concerns to share with us, please call, send an e-mail or write a letter. Contact information and our legislative Web site addresses appear in the shaded area to the left of this page. We are always glad to hear from you, and welcome your comments and ideas.

Sincerely,



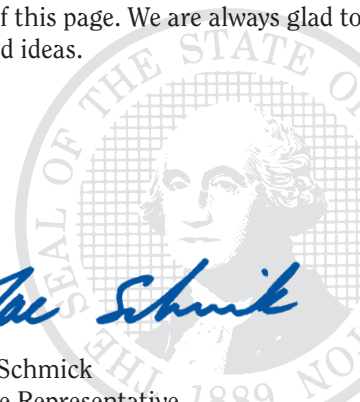
Mark Schoesler
State Senator



Steve Hailey
State Representative



Joe Schmick
State Representative



A flawed supplemental budget

We came into the session hopeful that the majority party would take a cautious approach in drafting a supplemental budget. But in the end, the budget that passed the Legislature increased spending by \$291 million, bringing total spending for the biennium to \$33.7 billion.



The majority party has touted the \$836 million that the budget leaves in two savings accounts. What it fails to point out is that \$446 million is in the hard-to-tap rainy-day fund, so the actual ending fund reserve is only \$390 million – about 1 percent of the budget – and that could be gone in the blink of an eye in a slackening economy.

So, the question many of us have is, where does the supplemental operating budget leave us for the future? The answer is, clearly, worse off than before.

A projection from the non-partisan Senate budget staff shows a deficit of **\$2.4 billion** in the upcoming two-year fiscal period, and more than **\$5 billion** for 2011-13. Even without a softening economy, our state is going to face a severe deficit in 2009.

We saw in 2005 what Democrats did when revenues couldn't cover their spending choices: They raised taxes by half a billion dollars. A \$2.4 billion shortfall in the next budget cycle would set the stage for both major tax hikes and cuts in services.

In fact, in a recent Associated Press article, the House speaker “declined to rule out higher taxes in 2009, saying he had to withhold judgment until the next budget cycle’s economic picture becomes clear.”

The Tax Foundation reports Washington is the eighth-highest-taxed state in the nation. In fact, it will take until May 6 before Washingtonians have earned enough money in 2008 to pay off their total tax bill for the year.

Olympia has a spending problem – not a revenue problem

It took Washington 114 years, from statehood until 2003, to grow state spending to **\$25.2 billion** – and just four years to increase it by **\$8.2 billion**. That’s a **33 percent** increase since Gov. Gregoire took office.

How much clearer must this picture become before we quit digging a deeper spending hole?

We need to put **taxpayers** ahead of tax **spenders**: That means creating reforms that limit government spending, ensuring every dollar taken from a taxpayer is used wisely and efficiently. And we must also get back to a **Priorities of Government** model for state budgeting – a successful approach that was embraced by Gov. Locke and the Legislature in 2003, but has since been abandoned.

Hailey grateful for outpouring of support during cancer treatment

As this newsletter went to press, Rep. Hailey reported that he is feeling stronger and that the prognosis is favorable for a full recovery. Steve was diagnosed with colon cancer the week of Jan. 14, and started the chemotherapy regimen shortly thereafter.

He made the decision to go public with his cancer diagnosis because he wanted to be honest and open with his constituents, to keep them apprised of his progress, and to help educate people about preventing and detecting the disease.

Steve, his wife and family expressed their appreciation for the many messages of concern and encouragement from well-wishers.

“It’s just been tremendous, the cards, personal notes, e-mails and phone calls. My heartfelt thanks to everyone,” he said.

Despite weight loss, fatigue, and other side effects of the disease and the treatment regimen, Steve managed to do legislative work this session by phone, through conference calls and e-mail. Because the chemo regimen has gone well, he has even resumed some of his chores at the Hailey ranch.

The general assessment by his doctors continues to be “positive and optimistic.”

“We are very grateful for everyone’s concerns and prayers,” Hailey said. “My doctors and I are confident that the treatment protocol will be successful, and I look forward to a full, cancer-free recovery.”



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No progress on health care reform

Since 2000, the average family health insurance plan has increased from \$300 to \$850 per month. As a result, many families have a tough choice: making their mortgage payments or paying for health insurance. Small business plans have increased 200 percent over the past 11 years.

Unfortunately, no meaningful progress was made this session toward ensuring that Washingtonians have affordable access to the health-care coverage they need.

The majority party *did* pass a bill that commissions a 16th health care study since 2005. That's right – the 16th. Instead of solving the problem and building on the recommendations of the Blue Ribbon Commission on Health Care Costs and Access, there's going to be another study.

We supported a House bill that would have provided immediate assistance to the uninsured, small businesses and the self-employed. **House Bill 3384** was a multifaceted approach that would have offered affordable, flexible coverage. It included a 50 percent B&O tax credit for the self-employed and reduced state mandates so the uninsured could get a health plan they could afford. Regrettably, the Democrat chair of the House Health Care and Wellness Committee refused to consider our proposal.

We need to bring health care into the 21st century

- Coverage for everyone
- Coverage that you own, not government
- Coverage that fits your needs
- Coverage that you don't lose if you change or lose a job
- Coverage you can afford

Real solutions for real change

- Increase access to health savings accounts
- Assist small employers and the self-employed by providing tax incentives on health-care premiums
- Reduce insurance costs by limiting state mandates on health insurance policies
- Increase access to quality health information to allow consumers to make sound decisions for themselves and their families
- Comprehensive medical malpractice reform

Republicans believe that government has a role in resolving the health-care issue in our state, but letting government *take over* health care is *not* the answer. We remain committed to putting Washingtonians in control of their health care by allowing affordable, tailored choices that work best for them and their families.



Schmick bills signed into law

Two measures sponsored by Rep. Schmick became law March 20 during a bill-signing ceremony in Spokane.

House Bill 3129 improves public information efforts to promote the value and availability of online learning programs. The measure is aimed at ensuring that students – particularly those who reside in rural and remote communities – are apprised of how to pursue distance-learning options on the Internet.

The bill requires the Office of Superintendent of Public Instruction (OSPI) to compile and post information on its Web site about the benefits of online learning programs and how to access them. In addition to the OSPI Web-site posting, the bill calls for high schools to ensure that teachers and counselors have information about online learning programs. The measure also requires school districts to provide general information about Web-delivered education to all 10th-, 11th- and 12th-grade students and their parents.

Being separated by geographic distance from a conventional classroom needn't be a barrier to a student who wants to fill in credit gaps or pursue an entire degree program. House Bill 3129 can help us do a better job of making the connection between where people live and where educational resources exist.

The governor also signed **House Bill 3200**, a measure Schmick sponsored to make it easier for counties to establish local cemetery districts. The measure would lower the number of voter signatures required on a cemetery-district petition, and allow county commissioners to put the proposal before voters as a ballot proposition.

Asotin County, for example, has had trouble getting signatures to form a cemetery district. There is still a high threshold before a district can be created, but the modest changes in the measure will help make the process more manageable.



Rep. Schmick took on a leadership role this year as assistant Republican whip. Here, he makes a point during floor debate in the House chambers.

Palouse River & Coulee City Railroad funded

The 2008 supplemental transportation budget passed by the Legislature funded an important rail project that impacts much of the 9th District. The Palouse River & Coulee City Railroad is a 372-mile short-line railway in Eastern Washington that is used for moving grain, lumber and other products. The railroad helps reduce heavy truck traffic from our highways, which means more safety and less wear and tear on these roads.



The transportation budgets offered by both the governor and the House included \$1.6 million that was left over following the purchase of the CW branch (Coulee City to Cheney) of the PR&CC. That money was to be used for repairs on all three lines of this railroad. But the Senate removed that funding and put it instead into the state multimodal account, meaning our region would never see that money. Fortunately, the final transportation budget shifted the \$1.6 million back to the PR&CC.



Sen. Schoesler listens to testimony during a public hearing in the budget-writing Senate Ways and Means Committee.

Sen. Schoesler's bill simplifying state's tax code is now law

The Legislature and governor have approved a bill introduced this year by Sen. Schoesler that simplifies and improves the state's tax code. **Engrossed Senate Bill 6663** basically provides a spring cleaning of Washington's tax code. It aims to make technical corrections to the tax code by clarifying certain sections and by simplifying the code through repeal of several obsolete provisions and removal of irrelevant language.

9th District teamwork reaps benefits in capital budget

The \$118 million supplemental construction budget that won approval this session includes funding for projects in Colfax, Ritzville and Pomeroy.

The budget provides \$1.6 million for repairs to the failing Ritzville Wastewater Treatment Plant – a funding request sponsored by Rep. Hailey – and \$115,000 for handicap and safety projects at the Colfax branch of the Whitman County Library, a project that Rep. Schmick shepherded through the budget-drafting process.

While Rep. Hailey worked the issues by e-mail and phone from Eastern Washington, Rep. Schmick and Sen. Schoesler negotiated with budget writers at the Capitol to ensure the 9th District projects were included as the final proposal was being crafted.

The wastewater treatment plant was constructed at a cost of \$3.2 million. Four lagoon-cells subsequently malfunctioned, including one that has been off-line for two years. The appropriation is an important step toward the projected cost of lagoon rehabilitation and upgrading.

The library funding will allow installation of a new elevator and other improvements to ensure the facility is compliant with the federal Americans with Disabilities Act (ADA). The upgrades are part of a long-term renovation plan to improve the library's services, lighting, ADA-approved accessibility and safety.

The budget also includes \$75,000 for the Eastern Washington Agricultural History Museum in Pomeroy.

Agriculture is not only a key employer in the 9th District, but it has a long, rich history as well. The agricultural museum in Pomeroy will house many artifacts highlighting the region's farming past.

The biggest disappointment with the capital budget is its lack of funding for the new veterinary school building at Washington State University. WSU had requested \$7.4 million for the project. The House version of the budget provided \$2 million for the building, but the Senate version didn't provide any money for it. The final construction budget passed by the Legislature also had no funding for the building.

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A FAIRLY QUIET SESSION FOR AGRICULTURE ISSUES

When the state Legislature meets, Washington's agriculture industry is usually impacted to some degree, for better or for worse. Sometimes, the Legislature enacts laws that help ag. Unfortunately, there are times when the opposite occurs. This was a quiet session in terms of significant agriculture bills. Here is a summary of ag-related issues addressed this year:

"Climate change bill" will hurt rural communities

One of the most controversial bills passed by the Legislature this session is the governor's "climate change bill." This proposal (**E2SHB 2815**) has four major components: direction for the Department of Ecology to develop a program to meet greenhouse gas emission standards; direction for the state to explore development of a cap and trade program for carbon emissions; creation of a program to reduce vehicle miles traveled; and a training program for "green collar" workers.

A major concern with this bill is how it will impact agriculture. We want to ensure that agriculture is fully recognized for the positive impact it has on the environment. Ag should have "credits" under any regulatory or market-based program dealing with carbon. The "climate change bill" includes a section directing a study to make recommendations regarding how agriculture and forestry may participate in a voluntary carbon cap and trade program.

The vehicle miles traveled section is perhaps the most controversial part of this bill. This section establishes benchmarks for the reduction of vehicle miles traveled in Washington – 18 percent by 2020, 30 percent by 2035, and 50 percent by 2050. These benchmarks likely will have a very negative impact on rural residents of the state.

Biofuels grant program dies in Senate

Senate Bill 6170 would have established an incentive program for Washington farmers to grow and sell feedstocks in Washington state. An agricultural cooperative or biofuel producer would then be eligible to receive a tax credit for each dollar of incentives paid to farmers, with a maximum tax credit of \$200,000 or the amount of B&O tax due, whichever is less. This type of incentive is crucial for Washington to stay competitive with neighboring states. Many farmers across Washington are having great success in growing traditional crops, and the transition to growing less-traditional feedstock for renewable fuel production is often seen as a risky endeavor. The biofuel economic development grant program that would have been created by this bill would have helped mitigate that risk. SB 6170 died in the Senate Ways and Means Committee.

Providing more water for Columbia Basin

A new law (**SB 6874**) was recently enacted that will release the largest delivery of new water to towns and farms in the Columbia Basin in three decades. This measure will allow up to 82,500 acre feet of water to be withdrawn from Lake Roosevelt behind Grand Coulee Dam beginning this year — and up to 132,000 acre feet of water in drought years.



The additional water will bring stability to areas affected by the Odessa aquifer, which has been dropping at an average rate of seven feet per year. Without this bill, loss of irrigation water in the area could have cost the agricultural region \$600 million a year in lost revenue and the elimination of 7,500 jobs.

The Lake Roosevelt water releases, which will lower lake levels no more than an additional 1.5 feet below current operations, will:

- supply additional surface water to irrigators of 10,000 acres of land east of Moses Lake;
- offer more certainty to those who have interruptible water rights in times of drought;
- provide new water supplies to municipalities with pending water right applications;
- bolster the state's economy; and
- help ensure the survival of salmon by increasing stream flow in the river in late summer, when fish need it most.

Local Farms-Healthy Kids and Communities Act approved

Second Substitute Senate Bill 6483 creates the Local Farms-Healthy Kids and Communities Act in the state Department of Agriculture. This measure authorizes school boards to develop and implement procedures to increase the purchasing of Washington-grown food. This bipartisan measure was signed into law and is funded in the supplemental budget.



Protecting people, livestock from problem cougars

The governor recently signed into law a measure (**ESHB 2438**) that extends for three more years the pilot project that allows the aid of hounds in hunting problem cougars. The bill was supported by sportsmen's groups, livestock owners and people concerned about safety.

**Representative
STEVE HAILEY**

**Senator
MARK SCHOESLER**

**Representative
JOE SCHMICK**

Election-year restrictions

As your state legislators, we make every effort to keep you informed of what is happening in Olympia. However, this is an election year, and under the provisions of Initiative 134, we can only send two in-district mailings – this newsletter being the second of the two we're allowed in 2008.

The initiative does permit us to respond to your direct requests for information, and we encourage you to write or call whenever you have a question or a comment to share on legislation or other matters.

Need a guest speaker?

If you belong to a club, civic group or community-service organization and would like a guest speaker at your next meeting or event, please contact our offices to arrange a convenient date. We're happy to report on the issues we dealt with during the 2008 session, or we can tailor our remarks to address particular areas of interest or concern.

Mark, Steve and Joe

Your 9th District Legislators

Senator MARK SCHOESLER

Senate Republican Floor Leader

Committees:

- Agriculture and Rural Economic Development, *ranking Republican*
- Financial Institutions and Insurance
- Higher Education
- Rules
- Ways and Means

Representative STEVE HAILEY

Assistant Republican Whip

Committees:

- Agriculture and Natural Resources
- Transportation
- Select Committee on Environmental Health
- Joint Committee on Veterans' and Military Affairs

Representative JOE SCHMICK

Assistant Republican Whip

Committees:

- Appropriations
- Higher Education
- Local Government



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**State Senator MARK SCHOESLER
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